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Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PM-03 H-02 L-02 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 OMB-01 TRSE-00 SAM-01

AID-05 /073 W
---------- 048773
R 170346Z APR 75
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC 9677

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FOL TEL SENT ACTION ISLAMABAD INFO KARACHI DTD 15 APR H/W
RPTD FOR YOUR INFO:

QUOTE:

LIMITED OFFICIAL USE LAHORE 0449

E.O. 11652: N/A
TAGS: PINS, PINT, PK
SUBJECT: PUNJAB REACTION TO GOP WAGE-PRICE MOVES

REF: LAHORE 438

SUMMARY: A FEW PROCESSIONS, DOMONSTRATIONS, STRIKES AND INCIDENTS OF VIOLENCE OCCURRED IN PUNJAB APRIL 12-14, BUT BY APRIL 15, PROTEST AGAINST GOP ACTIONS HAD VIRUALLY DIED OUT. ONE MORE RAILWAY WORKER WAS KILLED APRIL 13, APPARENTLY BY ACCIDENT, AND AT LEAST 40 MORE DEMONSTRATORS WERE ARRESTED OVER WEEKEND. FACED WITH DEMANDS OF SEVERAL DELEGATIONS, CHIEF MINISTER RAMAY PROMISED "SYMPATHETIC EAR," AND ON APRIL 12 DISTRICT MAGISTRATES IN LAHORE AND LYALLPUR MET WITH REPRESENTATIVES OF RETAILERS AMD CONSUMERS AND FIXED PRICES

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OF ESSENTIAL COMMODITIES. GOPUNJAB ALSO PROMULATED TWO

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ORDINANCES TO PUT TEETH INTO EXISTING PRICE CONTROL LAWS,
AND BOTH CHIEF MINISTER AND NEW LAHORE DIG PROMISED MEASURES
TO PROTECT ORDINARY CITIZENS FROM ILLEGAL PRICE INCREASES.
MEANWHILE, LAHORE PETROLEUM DEALERS APPEALED TO GOP TO IN-
CREASE THEIR COMMISSIONS AND PRICES OF MANY COMMODITIES
HAVE RISEN DESPITE PRICE FREEZE. CENTRAL ACTION COMMITTEE
OF UDX MET IN LAHORE APRIL 13, CONDEMNED GOP ACTION AND
DECIDED TO DEMONSTRATE BEFORE NATIONAL ASSEMBLY APRIL 18.
UDF ALSO DECIDED TO CONTINUE NEGOTIATIONS FOR MERGER WITH
TI LEADER ASGHAR KHAN, WHO AGREED TO "JOINT POLITICAL
ACTION" PLAN WITH UDF TO ATTACK GOP WAGE-PRICE INCREASES.
END SUMMARY.

1. GOVERNMENT-CONTROLLED PRESS IN LAHORE OVER PAST THREE
DAYS HAS CONTINUED TO MAIMTAIN THAT "SITUATION IS NORMAL"
THROUGHOUT PROVINCE, BUT SAME PAPERS GO RIGHT AHEAD TO LIST
"MINOR INCIDENTS" INCLUDIMG PROCESSIONS, DEMONSTRATIONS,
STRIKES AND SOME VIOLENCE. GAILWAY WORKERS APPARENTLY
SUSPENDED THEIR STRIKE ON APRIL 13, JUST BEFORE UNION LEADERS
WERE TO LEAVE FOR APRIL 14 MEETING WITH FEDERAL MINISTER
OF STATE ATAULLAH IN ISLAMABAD, AND PASSENGER AND FREIGHT
TRAINS APPEAR TO HAVE RETURNED TO NORMAL SERVICE.

2. PAKISTAN TIMES QUOTED GOP LABOR MINISTER CHEEMA AS
CLAIMING HE TALKED TELEPHONE, TELEGRAPH AND POSTAL
UNIONS OUT OFHGOING ON STRIKE, BUT WE HEARD OF SEVERAL
INSTANCE OF THOSE WORKERS REFUSING TO RESPOND TO
REQUESTS FROM PUBLIC ON GROUNDS THEY WERE ON STRIKE
APRIL 12. THEY HAD RETURNED TO WORK APRIL 14.

3. AT LEAST TEN PROCESSIONS WERE TAKEN OUT IN LAHORE
ALONE ON APRIL 11 AND ANOTHER TWO OR THREE ON APRIL 12.
WE HAVE HEARD OF NO PROCESSIOMS OR DEMONSTRATIONS
APRIL 13, 14, OR 15.

4. CHIEF MINISTER RAMAY HELD PRESS CONFERENCE APRIL 11
WHICH WAS BROADCAST BY RADIO AND TELEVISION AS PART OF
CONTINUING EFFORT TO EDUCATE PUBLIC ABOUT NECESSITY OF PRICE
INGREASES. RAMAY ASSERTED THAT GOVERNMENT NEEDED MORE
REVENUES TO PROVIDE FOR DEFENSE AND DEVELOPMENT IN
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ORDER TO "INSURE FULL PROTECTION FOR LIFE AND PROPERTY OF
THE PEOPLE." IN RESPONSE TO QUESTION, HE REVEALED GOP
HAD APPOINTED COMMITTEE TO MAKE RECOMMENDATIONS AS TO HOW
GOVERNMENT EXPENDITURES COULD BE REDUCED. MOREOVER, HE
ASSERTED GOVERNMENT PLANNED TO ESTABLISH "NEW PRIORITIES"
IN UPCOMING FEDERAL AND PROVINCIAL BUDGETS "TO ELIMINATE
ANTI-INFLATIONARY FORCES FROM THE MARKET AND BRING ABOUT A
BALANCE OF PURCHASING POWER FOR THE COMMON MAN." HE SAID

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GOVERNMENT WOULD "SERIOUSLY CONSIDER" OPENING ADDITIONAL
COOPERATIVE, UTILITY AND RATION SHOPS, AND MAINTAINED
THAT GOVERNMENT WAS DOING UTMOST TO CURB SMUGGLING.
HOWEVER, HE NOTED THAT SMUGGLING OF COMMODITIES OUT OF
PAKISTAN SUPPORTED GOP CONTENTION THAT "PAKISTAN WAS
STILL THE CHEAPEST PLACE IN THE WORLD TO LIVE."

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PRS-01 SP-02 SS-15 USIA-06 OMB-01 TRSE-00 SAM-01

AID-05 /073 W
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5. AT LEAST FIVE OF THE APRIL 11-12 DEMONSTRATIONS BROUGHT
VIOLENCE AND POLICE ATTACKED WORKERS WITH LATHIS AND
TEAR GAS. WE HAVE HEARD NO REPORTS OF INJURIES IN THOSE
ENCOUNTERS, BUT ONE MAN, A RAILWAY WORKER, WAS RUN OVER
BY POLICETRUCK APRIL 13. CHIEF MINISTER DESCRIBED DEATH
AS "ACCIDENT," AND ANNOUNCED RS 10,000 COMPENSATION TO
WORKER'S FAMILY. WE HAVE HEARD NO DISAGREEMENT WITH
CHIEF MINISTER'S VERSION OF INCIDENT.

6. ON APRIL 12, DISTRICT MAGISTRATES IN LAHORE AND
LYALLPUR MET WITH REPRESENTATIVES OF RETAILERS AND CON-
SUMERS AND SET RETAIL PRICES FOR 39 ESSENTIAL ITEMS FOR
WHICH PRICES WERE FROZEN APRIL 9 (SEE REFTEL). ON SAME
DAY, GOPUNJAB ANNOUNCED IT HAD PROMULATED TWO ORDINANCES
AMENDING WEST PAKISTAN FOODSTUFFS (CONTROL) ACT OF 1958
AND PUNJAB ESSENTIAL ARTICLES (CONTROL) ACT OF 1973, TO
MAKE OFFENSES UNDER THOSE ACTS "COGNIZABLE" (LIABLE TO

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ARREST WITHOUT WARRANT) AND NON-BAILABLE. AMENDMENTS WOULD ALSO ALLOW SUMMARY (ON-THE-SPOT) TRIALS BY MAGISTRATES. IN ANOTHER PUBLIC RELATIONS EFFORT, NEW LAHORE (ACTING) DIG MET WITH JOURNALISTS AND ASSURED THEM "RULE OF LAW" WOULD PREVAIL DURING HIS TERM OF OFFICE.
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7. ON APRIL 13, GOPUNJAB ANNOUNCED THAT LAHORE UNION COMMITTEE OFFICES (SOME 29) WOULD START FUNCTIONING AT ONCE AS CENTERS WHERE PUBLIC CAN REGISTER COMPLAINTS AGAINST RETAILERS WHO TRY TO OVER-CHARGE THEM OR WHO CLAIM ESSENTIAL ITEMS ARE NOT AVAILABLE. SAME SYSTEM IS EXPECTED TO BE INTRODUCED IN OTHER PROVINCIAL CITIES. HOWEVER ON APRIL 11, LAHORE PETROLEUM DEALERS GROUP REPORTEDLY APPEALED TO GOP FOR INCREASE IN DEALERS' COMMISSIONS AND SERVICE CHARGES, AND LOCAL FIRM ANNOUNCED INCREASE IN SOAP PRICES "EFFECTIVE MARCH 1."

8. SEVERAL CONGEN FSL'S AND OTHER PAKISTANIS HAVE IN-FORMED US THAT, WHERE PRICE-FROZEN ITEMS ARE AVAILABLE IN MARKETS, QUALITY IS EXTREMELY POOR, AND RETAILERS ARE OFFERING ON SIDE BETTER QUALITY ITEMS AT SIGNIFICANTLY INCREASED PRICES. A QUICK PRICE SURVEY WE RAN APRIL 14 SHOWED PRICE INCREASES RANGING FROM 8 TO 100 PER CENT FOR VIRTUALLY EVERY COMMODITY EXCEPT (FREE MARKET) WHEAT, ATTA AND BASMATI RICE.

9. CENTRAL COMMITTEE OF UNITED DEMOCRATIC FRONT (UDF) HELD TWO-DAY SESSION IN LAHORE APRIL 12-13. MEETING WAS CHAIRED (ON SECOND DAY) BY UDF CHIEF PIR OF PAGARO, AND WAS ATTENDED BY MUFTI MAHMOOD, ACTING LEADER OF OPPOSITION IN NA, AND REPRESENTATIVES OF MAMAAT-I-ISLAMI, PJP, CML, JUI, JUP, PML, AND BANNED NAP. PRESS REPORTED THAT TEHRIK-I-ISTIQLAL LEADER ASGHAR KHAN ARRIVED LATE APRIL 13, ALLEGING HE HAD BEEN HELD UP IN RAWALPINDI BY POLICE. (THIS WAS DENIED BY GOVERNMENT WHEN ASGHAR'S LAWYERS PRESENTED WRIT PETITION TO SUPREME COURT APRIL 12.)

10. ACCORDING TO PRESS, UDF LEADERS AGREED TO STAGE DEMONSTRATION BEFORE NATIONAL ASSEMBLY BUILDING IN ISLAMABAD ON APRIL 18 TO PROTEST GOP DECISION TO RAISE PRICES OF WHEAT, SUGAR AND GHEE. OFFICIAL UDF SPOKESMAN BLAMED 1972 GOP DEVALUATION OF RUPEE FOR "TOTAL DISASTER TO COUNTRY'S ECONOMY." HE ALSO COMPLAINED THAT NATIONALIZED INDUSTRIES HAD PRODUCED NOTHING BUT HIGHER PRICED GOODS, CONDEMNED POLICE VIOLENCE AGAINST WORKERS PROTESTING PRICE INCREASES, AND DEMANDED COMPENSATION FOR RELATIVES OF THOSE
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WHO WERE KILLED IN INCIDENTS. HE CHARGED THAT FOREIGN AID FUNDS WERE BEING USED BY GOP TO FUND TOURS OF MINISTERS AND FOR PPP PARTY EXPENSES, PUBLIC MEETINGS, PROCESSIONS AND FEDERAL SECURITY FORCE. HE APPEALED TO GOP TO WITHDRAW PRICE INCREASES ON THREE BASIC ITEMS AND TO CUT GOVERNMENT EXPENDITURES BY BANNING IMPORT OF LUXURY ITEMS.

1. ACCORDING TO SPOKESMAN, UDF APPROVED MUFTI MAHMOOD'S NEGOTATIONS WITH ASGHAR KHAN FOR MERGER OF TEHRIK-I-ISTIQLAL WITH UDF "ON BASIS OF UDF 12-POINT PROGRAM." BECAUSE OF MAHMOOD'S FAILING HEALTH, CENTRAL ACTION COMMITTEE DESIGNATED CHAUDHRY ZAHUR ILAHI TO CONTINUE NEGOTIATIONS WITH ASGHAR. ON APRIL 14, TWO MEN REACHED AGREEMENT ON PLANS FOR "JOINT POLITICAL ACTION" TO PROTEST GOP POLICIES, INCLUDING DEMONSTRATION AT NA APRIL 18. UDF LEADERS ALSO AGREED TO CONTINUE BOYCOTTS OF NATIONAL AND PROVINCIAL ASSEMBLIES "UNTIL FEBRUARY 6 AGREEMENT WITH GOP IS HONORED BY GOVERNMENT."

12. COMMENT: FROMHALL INDICATIONS, WORKER PROTESTS AGAINST PRICE RISES AND INADEQUACY OF WAGE INCREASES HAVE EFFECTIVELY BEEN REDUCED TO UNDERCURRENT OF GRUMOLINO. GOPUNJAB LEADERS ARE CONTINUING ENERGETIC EFFORT TO EXPLAIN NECESSITY FOR

INCREASES TO WORKERS, THOUGH LATTER PROBABLY WON'T BE IMPRESSED BY RAMAY'S COMMENT THAT COMPARATIVE COST OF LIVING IN PAKISTAN IS LOW.

13. WE NOTE THAT KARACHI MORNING NEWS APRIL 13 DESCRIBED UDF MEETING AS "FRANTIC EFFORT...TO SAVE THE ALLIANCE FROM TOTAL DISINTEGRATION." WHILE WE WOULD NOT PUT IT IN THOSE TERMS, IT HAS BECOME APPARENT THAT UDF IS CONTINUING TO HAVE INTERNECINE DIFFICULTIES. FACT THAT JAMAAT-I-ISLAMI AND TEHRIK-I-ISTIQLAL LEADERS BOTH WANT AUTHORITYTO DICTATE TO OTHER PARTIES FOSTERS NEITHER UDF COHESION NOR TI MERGER. HOWEVER, IN SHORT RUN ASGHAR APPARENTLY SEES SOME ADVANTAGE IN JOING FORCES WITH UDF IN CURRENT ATTACK ON GOP WAGE-PRICE INCREASES. GRIFFIN

UNQUOTE.
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